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O R 021045Z OCT 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 9241

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC/POLAD

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

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AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 4 SAIGON 12775

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY SEPT 26-OCT 2, 1974

THE WEEK IN SUMMARY

THE CEASEFIRE

PRES THIEU ADDRESSES THE NATION

CONFISCATION OF NEWSPAPERS CONTINUES

LATEST PROTEST ACTIVITIES

STUDENTS' ATTITUDES TOWARD CURRENT POLITICAL SCENE

DEPSECDEF ARRIVES IN SAIGON

CAM RANH CITY MAYOR DISMISSED

SENATE PRES TRAN VAN LAM SPEAKS TO ROTARY CLUB

BUDDHIST MONK SELF IMMOLATION

FONMIN BAC MEETS WITH SECY KISSINGER

RVN WINS FIRST ROUND AT IPU CONF

GVN PROTESTS COMMUNIST SEIZURE OF GIA VUC BASE

GVN EXPANDS DIPLOMATIC RELATIONS

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NEW NBVN REGULATIONS FOR COMMERCIAL BANKS

TRAVEL OF GOVT ECONOMIC LEADERS

REPORT ON DELTA EARLY MIRACLE RICE HARVEST

ADSA ENCOUNTERS FIRST RECRUITMENT DISORDER

CONSUMER INDEX DOWN THIRD WEEK IN ROW

CURRENCY AND GOLD RATES

I. INTERNAL

A. THE CEASEFIRE

THE OVERALL MILITARY SITUATION WAS QUIETER THIS WEEK AS ALL FOUR MILITARY REGIONS SHOWED A DROP IN THE NUMBER OF INCIDENTS AND CASUALTIES ON BOTH SIDES. FOR THE MOST PART THE INCIDENTS WERE LOW-LEVEL RATHER THAN MAIN FORCE CONTACTS.

IN MR-1 A LARGE PART OF THE ACTION TOOK THE FORM OF ABFS, ALTHOUGH SOME LARGE SCALE FIGHTING OCCURRED IN THUA THIEN AS COMMUNIST FORCES ATTEMPTED TO GAIN CONTROL OF THE RIDGE SOUTH-WEST OF TRUOI BRIDGE. PHU BAI AIRBASE WAS SHELLED TWICE WITH LIGHT CASUALTIES AND SOME DAMAGE TO THE RUNWAY AND AIRCRAFT. EXPLOSIONS AGAIN DAMAGED LANG CO BRIDGE. SOUTH OF THE HAI VAN PASS, ABFS AGAINST VILLAGES AND ARVN POSITIONS OCCURRED IN ALL THREE PROVINCES WITH NO MAJOR GROUND CLASHES REPORTED.

THE OVERALL DECREASE IN THE LEVEL OF FIGHTING IN MR-2 WAS BALANCED BY A SIGNIFICANT RISE IN THE INTENSITY OF FIGHTING TOWARD WEEK'S END. BINH DINH REMAINED THE SCENE OF HEAVY ACTION AS GVN FORCES CONTINUED TO PRESSURE COMMUNIST FORCES IN HOAI NHON AND PHU MY. IN KINTUM, THE LOSS OF TWO COMPANY SIZED OUTPOSTS TO THE COMMUNISTS MAY SIGNAL THE BEGINNING OF AN NVA/VC EFFORT TO CAPTURE CHUONG NGHIA SUB-SECTOR HQ. NORMALLY QUIET NINH THUAN WAS THE SCENE OF A ROCKET ATTACK ON PHAN RANG AIRBASES.

IN MR-3 THE BULK OF THE ACTION OCCURRED IN BINH DUONG NEAR
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OP 82 AND IN THE IRON TRIANGLE, TAKING THE FORM OF ABFS AND 17 GROUND CONTACTS. THE INCIDENCE OF TERRORISM AND SABOTAGE WAS UP IN THE REGION THIS WEEK, INCLUDING 20 MININGS AND AN ASSASSINATION. A TERRORIST THREW A GRENADE INTO A CROWD AT AN OPEN AIR THEATER IN BINH TUY, KILLING FOUR AND WOUNDING 32.

ACTIVITY IN THE DELTA DROPPED TO THE LOWEST LEVEL OF THE YEAR, EXCEEDING THE NORMAL END OF MONTH LULL. THE NORTHERN DELTA SAW ONLY SCATTERED ABFS, HARRASSMENTS, AND A FEW ATTACKS. ACTIVITY IN THE SOUTHERN DELTA INCLUDED A SAPPER ATTACK ON A POL DUMP IN BA XUYEN AND SEVERAL MINING INCIDENTS IN AN XUYEN.

THE ICCS HAS SO FAR HELD NO PLENARY SESSIONS IN RESPONSE TO THE "PRG" REQUEST THAT IT EXAMINE AND TAKE ACTION ON INDONESIAN AND IRANIAN UNILATERAL OBSERVATIONS. THE DRV/"PRG"

BOYCOTT OF THE TPJMC AND FPJMT SESSIONS CONTINUES. A GROUP OF FIVE RELATIVES OF PW/ MIA US SERVICEMEN ARRIVED IN SAIGON IN A SEARCH FOR FURTHER INFORMATION ON THEIR RELATIVES' STATUS. SCHEDULED MEETINGS FOR THE GROUP INCLUDE SESSIONS WITH THE US, RVN, DRV, AND "PRG" DELS TO THE FPJMT, PERSONNEL FROM THE SAIGON OFFICE OF THE JCRC, AND MEMBERS OF OTHER MISSIONS IN SAIGON. THE "PRG" FONMINISTRY ACCUSED THE FORD ADMINISTRATION OF TAMPERING IN VIETNAMESE INTERNAL AFFAIRS THROUGH THE VISIT OF DEPSECDEF CLEMENTS.

B. PRES THIEU ADDRESSES THE NATION

IN A TWO HOUR, LARGELY EXTEMPORANEOUS RADIO AND TV SPEECH OCT 1, PRES THIEU LAID OUT IN BROAD TERMS THE PRESENT SITUATION OF SOUTH VIETNAM AND HIS PLAN TO DEAL WITH IT, AS WELL AS DENYING RECENT PERSONAL CHARGES OF CORRUPTION AGAINST HIM. THIS WAS HIS FIRST SIGNIFICANT PUBLIC STATEMENT SINCE HIS JUNE 19 SPEECH AT INDEPENDENCE PALACE.

HE PREDICTED ANOTHER LARGE SCALE COMMUNIST ATTACK EARLY IN 1975 UNLESS THE GVN TOOK MEASURES TO PREVENT IT. HE EMPHASIZED THAT THE ESSENTIAL TASK WAS TO DEFEND THE COUNTRY AGAINST THE COMMUNISTS AND THAT SOCIAL PROBLEMS COULD ONLY BE DEALT WITH FULLY ONCE THE COUNTRY IS FREE OF THE COMMUNIST THREAT. HE POINTED OUT THAT US HAD NOT MAINTAINED ONE-FOR-ONE REPLACEMENT OF MILITARY EQUIPMENT "CALLED FOR" IN PARIS AGREEMENT. HE BELIEVED THAT

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THE AMERICAN PEOPLE AND CONGRESS MUST REALIZE THAT REDUCED AID ENCOURAGED COMMUNISTS TO INFILTRATE AND CONTINUE WAR RATHER THAN BRINGING PEACE. THE PRES STATED THAT SVN WOULD FIGHT "TO THE LAST DROP OF BLOOD AND THE LAST GRAIN OF RICE" RATHER THAN SURRENDER. HE NOTED THAT THE GVN HAS PROPOSED A COMPREHENSIVE SCHEDULE FOR IMPLEMENTATION OF ALL ASPECTS OF THE PARIS AGREEMENT, LEADING UP TO GENERAL ELECTIONS. HE ADDED THAT THE COMMUNISTS WANT TO CARRY OUT RECONCILIATION BY MEANS OF A COALITION GOVT WHICH WOULD PERMIT THEM TO TAKE OVER SVN. ON PEACE AND RECONCILIATION, PRES THIEU DECLARED THAT GVN DESIRES TO IMPLEMENT THESE PRINCIPLES AS SOON AS POSSIBLE BY CARRYING OUT ALL PROVISIONS OF THE PARIS AGREEMENT.

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THIEU SAID HE HAD TAKEN THE FOLLOWING STEPS TO COMBAT CORRUPTION: GIVEN AUTHORITY TO THE VICE PRES TO FIGHT CORRUPTION (IN ADDITION TO THE INSPECTORATE PROVIDED FOR UNDER THE CONSTITUTION TO UNDERTAKE THIS TASK); FORBADE CIVIL SERVANTS, MILITARY MEN AND POLICE TO TAKE PART IN POLITICS; CARRIED OUT THE FIRST STAGE OF ADMINISTRATIVE REFORM; DISMISSED MANY OFFICERS AND GOVERNMENT OFFICIALS; WAGED A CAMPAIGN TO STAMP OUT "PHANTOM" AND "FLOWER" SOLDIERS. AS A NEW MEASURE, THIEU ANNOUNCED THAT THE NEXT STEP IN ADMINISTRATIVE REFORM WOULD BE TRANSFERRING OF PERSONNEL.

TOWARD THE END OF HIS SPEECH THE PRES ANNOUNCED THAT PRESS RESTRICTIONS INSTITUTED IN THE INVASION YEAR OF 1972 WERE NO LONGER NECESSARY AND THAT LIBERALIZING AMENDMENTS WOULD BE INTRODUCED IN THE NATIONAL ASSEMBLY. SIMILARLY, WITH REGARD TO POLITICAL PARTIES, THIEU STATED THAT STRONG AND CONSTRUCTIVE POLITICAL PARTIES WERE NECESSARY. HE SAID THAT HE WOULD ORDER THE GOVERNMENT TO FACILITATE ADMINISTRATIVE PROCEDURES TO PERMIT PARTIES TO DEVELOP, AND WOULD PROPOSE AMENDMENTS TO THE POLITICAL PARTY LAW SO THAT "DECENT AND CONSTRUCTIVE" PARTIES COULD BE FORMED PRIOR TO THE ELECTIONS NEXT YEAR.

IN CLOSING, THE PRES STATED THAT HE HAD RECENTLY BEEN THE SUBJECTS OF DISTORTED ALLEGATIONS THAT HE WAS CORRUPT AND HAD PROTECTED CORRUPTION. HE STRONGLY AFFIRMED THAT THESE ALLEGATIONS WERE NOTHING BUT CALUMNY AND SLANDER, AND SAID THOSE MAKING SUCH ALLEGATIONS ARE PROBABLY PUPPETS OF THE COMMUNISTS OR OF FOREIGNERS. FINALLY, THIEU STATED THAT IF PEACE COMES, EVEN BEFORE THE END OF HIS TERM HE WILL RESIGN; BUT AS LONG AS IT IS NECESSARY TO DEFEND THE COUNTRY HE WILL REMAIN IN OFFICE.

COMMENT: PRES THIEU'S SPEECH CONFIRMS PREVIOUS INDICATIONS OF ADMINISTRATION'S INTENTION LIBERALIZE DL-007(PRESS)
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AND DL-060(POLITICAL PARTIES). WHILE TOO EARLY TO DRAW FIRM CONCLUSIONS, THIS CLEARLY IN DIRECTION OPENING UP POLITICAL SCENE AND ENCOURAGING PRE-PRESIDENTIAL ELECTION POLITICS.

C. CONFISCATION OF NEWSPAPERS CONTINUES

DURING THE PAST WEEK THE NUMBER OF DAILY NEWSPAPERS CONFISCATED BY THE GOVT FOR VIOLATIONS OF THE PRESS CODE HAS RISEN ONCE AGAIN, TOTALLING 12 OVER A 4 DAY PERIOD. ON SEPT 27 THREE PAPERS (DAI DAN TOC, SONG THAN AND CONG LUAN) WERE PICKED UP. THE FOLLOWING DAY FOUR PAPERS (TIA SANG, DONG PHUONG,

TRANG DEN AND CHINH LUAN) WERE CONFISCATED FOR "SOWING CONFUSION AMONG PUBLIC OPINION TO THE DETRIMENT OF PUBLIC ORDER AND NATIONAL SECURITY". THE SEPT 29 ISSUES OF DAI DAN TOC, CONG LUAN AND TIA SANG WERE SEIZED FOR CARRYING STORIES AGAINST PRESS REPRESSION AND FOR PUBLISHING A PURPORTED GOVT PLAN TO ELIMINATE OPPOSITION ELEMENTS. (THE GVN HAS DENIED THAT THE SO CALLED "COMET" PLAN EXISTS.) THE SEPT 30 COPIES OF DIEN TIN AND SONG THAN DAILIES WERE CONFISCATED FOR "INACCURATE REPORTING OF THE PEOPLE'S ANTI-CORRUPTION MOVEMENT".

THE VIETNAM PUBLISHERS ASSOCIATION ISSUED A THREE POINT "PROCLAMATION NO. 1" ON SEPT 28 IN WHICH THEY CALLED FOR RESPECT FOR THE RIGHT TO FREEDOM OF SPEECH, PRESS, AND PUBLICATION AS PROVIDED FOR IN ARTICLE 12 OF THE CONSTITUTION. THEY ALSO DEMANDED IMMEDIATE END TO TERRORISM, REPRESSION OR CONFISCATION OF NEWSPAPERS. FINALLY, THE PUBLISHERS THREATENED TO SUSPEND PUBLICATION OF ALL NEWSPAPERS AND PERIODICALS IF THE GOVT DOES NOT RESPOND TO THEIR PREVIOUS RESOLUTION OF SEPT 13 WHICH CALLED FOR REPEAL OF DECREE LAW 019/69 AND 007/72.

COMMENT: CONFISCATIONS HAVE INCLUDED ISSUES OF SOME PAPERS WHICH HAVE BEEN RELATIVELY UNINVOLVED IN THE PRESS FREEDOM MOVEMENT, AND EMB UNDERSTANDS THAT LESS RADICAL ELEMENTS IN THE PRESS ARE ATTEMPTING TO REACH A COMPROMISE SOLUTION WITH THE GOVT. SENATOR TON THAT DINH, PUBLISHER OF CONG LUAN AND PRES OF THE VIETNAM PUBLISHERS ASSOC IS APPARENTLY ATTEMPTING TO ORGANIZE A PRESS COMMUNITY APPROACH TO MININFO NHA TO NEGOTIATE IMPROVED IMPLEMENTATION OF DL-007(PRESS), AS WELL AS POSSIBLE AMENDMENTS THERETO. DESPITE INCREASE CONFISCATIONS, PRESS REMAINED CONFIDENTIAL

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LIVELY AND FULL OF DISSENT.

D. LATEST PROTEST ACTIVITIES

ON SEPT 28 IN A CHURCH NEAR CAM RANH ONE OF THE LEADERS OF THE PEOPLE'S ANTI-CORRUPTION MOVEMENT, FATHER TRAN HUU THANH, PREACHED A SERMON AND GAVE AN ANTI-CORRUPTION ADDRESS ATTENDED BY ABOUT 500. ON SEPT 29 FR. THANH AGAIN SPOKE OUT AGAINST CORRUPTION, THIS TIME AT THE CATHEDRAL IN NHA TRANG BEFORE AN AUDIENCE OF APPROX 2,000. BOTH MEETINGS WERE LIMITED TO CHURCH PREMISES AND WERE NON-VIOLENT.

ON SEPT 29 APPROX 100 PEOPLE CARRYING BANNERS ATTACKING PRES THIEU MARCHED TO THE CENTRAL SAIGON MARKET AREA. AMONG THE DEMONSTRATORS WERE OPPOSITION DEPUTIES, CATHOLIC PRIESTS, BUDDHIST MONKS, AND A NUMBER OF PEOPLE SAID TO BE FOLLOWERS OF MME. NGO BA THANH. SEVERAL OPPOSITION DEPUTIES MAKING SPEECHES DENOUNCING PRES THIEU WERE INTERRUPTED BY

BRIEF SCUFFLES BETWEEN POLICE AND SOME OF THE DEMONSTRATORS.
BOTH DEMONSTRATIONS WERE SHORT LIVED AND NO ARRESTS WERE MADE.

ON MONDAY, SEPT 30 A MINI DEMONSTRATION OF ABOUT 20
PERSONS TOOK PLACE NEAR THE NATIONAL ASSEMBLY AND WAS EXTENSIVELY
COVERED BY THE PRESS. THE THEME OF THE PROTEST WAS "RELEASE
THE POLITICAL PRISONERS". POLICE KICKED A CBS CORRESPONDENT
IN THE KIDNEY WHILE TRYING UNSUCCESSFULLY TO WREST FILM FROM
HIM. GVN SPOKESMAN CUONG OFFERED PROMPT REGRETS AND SAID
STEPS WOULD BE TAKEN TO AVOID SUCH INCIDENTS IN THE FUTURE.

E. STUDENTS' ATTITUDES TOWARD CURRENT POLITICAL SCENE

IN CONVERSATIONS WITH EMBOFFS DURING RECENT WEEKS
STUDENTS IN SAIGON AGREE
THEY DO NOT WANT TO ENGAGE IN POLITICAL ACTIVITY
NOW. THOUGH THEY BELIEVE THE PEOPLE'S ANTI-CORRUPTION MOVEMENT
(PACM), THE NATIONAL RECONCILIATION FORCE(NRF), AND OTHER SUCH
ORGANIZATIONS REFLECT POPULAR DESIRES FOR BOTH AN END TO THE
WAR AND A MAJOR ATTACK ON OFFICIAL CORRUPTION, STUDENTS DO NOT
THEMSELVES WISH TO GO BEYOND PASSIVE SUPPORT FOR SUCH CAMPAIGNS.

THE STUDENTS ARE VOCALLY BUT PRIVATELY CRITICAL OF CORRUPTION.
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THEY CRITICIZE INFILTRATION OF STUDENT ORGANIZATIONS BY GOVT
AND WHAT THEY CHARACTERIZE AS REPRESSION OF CIVIL LIBERTIES
UNDER VARIOUS DECREE LAWS ISSUED UNDER 1972 FULL POWERS ACT.
THEIR ATTITUDES ALSO REFLECT RECENT ECONOMIC PRESSURES ON SOCIETY,

NEVERTHELESS, THEY ARE QUITE SPECIFIC IN THEIR DESIRE NOT
TO BECOME PERSONALLY INVOLVED IN DEMONSTRATIONS OR POLITICAL
ACTIVITY. "WE HAVE BEEN USED IN THE PAST AND DO NOT WISH TO
BE USED AGAIN" THEY ADD THAT THEY BELIEVE THE GOVT HAS
FAIRLY THOROUGHLY INFILTRATED STUDENT ORGANIZATIONS AND
OBVIOUSLY THIS ALSO SERVES TO INHIBIT STUDENT ACTIVISM.

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C O N F I D E N T I A L SECTION 3 OF 4 SAIGON 12775

F. DEPSECDEF ARRIVES IN SAIGON

DEPSECDEF WILLIAM P CLEMENTS JR
ARRIVED IN SAIGON OCT 1 FOR A TWO DAY FACT FINDING AND
FAMILIARIZATION VISIT TO VIETNAM. DURING HIS STAY, CLEMENTS
WILL BE PARTICIPATING IN BOTH FORMAL AND INFORMAL DISCUSSIONS
WITH US OFFICIALS. HE ALSO PLANS TO MEET WITH PRES THIEU,
PRIMIN KHIEM, AND GEN CAO VAN VIEN, CHIEF OF THE
JOINT GENERAL STAFF.

G. CAM RANH CITY MAYOR DISMISSED

FOLLOWING UP ON THE RECENT CHANGES IN GVN PROVINCE CHIEFS,
THE MAYOR OF CAM RANH, LTC LUU THANH HUU, WAS RELIEVED ON
SEPT 26. THE NEW MAYOR WILL BE COL HO VAN TAM WHO
HAS BEEN ARTILLERY COMMANDER IN THE ARVN 22ND DIV.

OUR CONGEN AT NHA TRANG REPORTS THAT NO REASON
WAS GIVEN FOR HUU'S DISMISSAL NOR IS INFORMATION AVAILABLE RE-
GARDING HIS ONWARD ASSIGNMENT. HUU HAD SERVED AS PROVINCE
CHIEF IN LAM DONG PROVINCE FROM JAN 71 UNTIL FEB 74
WHEN HE WAS TRANSFERRED TO CAM RANH. HIS CAREER IN LAM DONG
WAS UNDISTINGUISHED AND HIS TENURE IN CAM RANH HAS BEEN MARKED
BY CHARGES OF CORRUPTION AND MORE RECENTLY HE HAS COME UNDER
ATTACK FOR IRREGULARITIES DURING THE PROVINCE COUNCIL ELECTIONS
IN JULY.

H. SENATE PRES TRAN VAN LAM SPEAKS TO ROTARY CLUB

AT A SEPT 27 MEETING OF THE SAIGON ROTARY CLUB,
SENATE PRES TRAN VAN LAM STATED THAT IT IS TIME THAT THE
NORTH VIETNAMESE LEADERS RECOGNIZE THEY CANNOT IMPOSE A PRE-
FABRICATED COMMUNIST DOCTRINE IN SOUTH VIETNAM. SENATOR LAM
ANALYZED WORLD DEVELOPMENTS IN THE PAST WHICH HAVE MADE MEN
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REALIZE THAT A CONCILIATORY FORMULA BASED ON INTERNATIONAL
UNDERSTANDING MUST BE APPLIED TO SOLVE HARD PROBLEMS OF THE
WORLD. HE REMARKED THAT THE PARIS AGREEMENT PROVIDES BASIC
PRINCIPLES FOR FIRM STEPS TO PEACE. HE CONCLUDED THAT "ONCE
PEACE IS RESTORED, THE PEOPLE IN BOTH THE NORTHERN AND SOUTHERN
HALVES OF VIETNAM COULD DEDICATE ALL THEIR EFFORTS TO THE TASK
OF RECONSTRUCTION AND DEVELOPMENT...

I. BUDDHIST MONK SELF IMMOLATION

OUR CONGEN AT NHA TRANG REPORTS THAT ON THE
EVENING OF SEPT 26, NGUYEN MINH, A 30; &5:0\$9,HXLZYPMXO
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A LETTER STATING THAT THIS ACT SYMBOLIZED HIS DESIRE TO SEE
AND END TO THE WAR A

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DUTIES. THERE HAVE BEEN NO

PRESS REPORTS OF THE LATEST SELF IMMOLATION AND THE GOVT
IS APPARENTLY CONTINUING TO DOWNPLAY SUCH DEMONSTRATIONS IN
ACCORDANCE WITH PRES THIEU'S APPEAL THREE WEEKS AGO THAT
PEOPLE NOT TAKE THEIR OWN LIVES.

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II. EXTERNAL

A. FONMIN BAC MEETS WITH SECY KISSINGER

FONMIN BAC WAS IN NEW YORK MOST OF THE WEEK, WHERE
HE ENGAGED IN AN ACTIVE SCHEDULE OF MEETINGS WITH COUNTERPARTS
(SEE ITEM D) INCLUDING SECY KISSINGER SEPT 30. HE
WAS SCHEDULED TO TRAVEL TO WASHINGTON OCT 1.

B. RVN WINS FIRST ROUND AT IPU CONF

TOKYO REPORTS THAT IPU EXECUTIVE COMITE VOTED 6-2 TO DROP
SOVIET CHALLENGE TO RVN PARTICIPATION IN IPU. SOVIET MEMBER
RESERVED RIGHT TO REINTRODUCE QUESTION IN IPU COUNCIL MEETING
OCT 2. RVN DEL WAS VERY ACTIVE ON ITS OWN BEHALF PRIOR
TO TOKYO MEETING; INTER ALIA DURING THE PAST MONTH PARLIAMENTARY
DELS FROM JAPAN, TURKEY, NETHERLANDS, BRITAIN, IRELAND AND
THAILAND HAVE VISITED SVN AT THE INVITATION OF RVN IPU DEL.

C. GVN PROTESTS COMMUNIST SEIZURE OF GIA VUC BASE

MFA SEPT 28 ISSUED A NOT TO THE PARTIES TO THE ACT OF
THE INTERNATIONAL CONF ON VIETNAM PROTESTING THE COMMUNIST
SEIZURE OF GIA VUC BASE. NOTE STATE THAT THIS ATTACK WAS ANOTHER
ILLUSTRATION OF FACT THAT "THE SINGLE MOST IMPORTANT CAUSE OF THE
PRECARIOUS SITUATION NOW PREVAILING IN INDOCHINA TAKES ITS ROOTS
IN THE STUBBORN BELIEF OF THE COMMUNISTS THAT THEY CAN, WITH
IMPUNITY AND WITHOUT ANY CONSIDER:/6, \$*? '94 74-4 3&. . '53(5;#0.

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RFYB (#)

DIPLOMATIC RELATIONS

MFA DURING WEEK ANNOUNCED ESTABLISHMENT OF DIPLOMATIC RELATIONS
AT THE AMBASSADORIAL LEVEL WITH PARAGUAY (SEPT 27), GRENADA
(SEPT 27) AND HAITI(OCT 1). IN EACH CASE ANNOUNCEMENT
WAS RELATED TO A MEETING OF FONMIN BAC WITH THE RESPECTIVE
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FONMIN IN NEW YORK.

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AS RECEIVED. CORRECTION TO FOLLOW.

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USDEL JEC PARIS UNN
CIA
DIA
JCS
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CINCPACFLT
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AMEMBASSY STOCKHOLM
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

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III. ECONOMIC

A. NEW NBVN REGULATIONS FOR COMMERCIAL BANKS

EXTENSIVE NEW REGULATIONS GOVERNING THE COMMERCIAL BANKS IN VIETNAM WERE ISSUED ON 1 OCTOBER TO TAKE EFFECT ON JANUARY 1, 1975. THE NEW REGULATIONS WILL PUT INTO EFFECT MOST OF THE CHANGES SUGGESTED BY AN IMF CENTRAL BANKING SERVICE TEAM WHICH MADE TWO TRIPS TO VIETNAM, THE FIRST IN APRIL OF THIS YEAR AND SECOND IN LATE AUGUST. THE CHANGES ARE DESIGNED TO SIMPLIFY

AND MAKE MORE EFFECTIVE RESERVE REQUIREMENTS AS WELL AS ENABLING THE NBVN TO DIRECT COMMERCIAL CREDIT TO SELECTED SECTORS OF THE ECONOMY. THE MOST IMPORTANT CHANGE ABOLISHES THE OLD LOAN-DEPOSIT RATIO. FROM JANUARY 1, THE BASIC REQUIREMENTS ARE SIMPLY 10 PERCENT CASH RESERVES AND 33 PERCENT OBLIGATORY TREASURY BILL HOLDINGS.

B. TRAVEL OF GOVERNMENT ECONOMIC LEADERS

MINISTER OF FINANCE CHAU KIM NHAN, GOVERNOR OF THE NATIONAL BANK LE QUANG UYEN AND COMMISSIONER GENERAL OF PLANNING NGUYEN TIEN HUNG ARE ALL ATTENDING THE ANNUAL IMF/IBRD MEETING IN WASHINGTON THIS WEEK. NHAN AND HUNG STOPPED IN TOKYO EN ROUTE FOR AID DISCUSSIONS WITH THE JAPANESE. PROFESSOR HUNG WILL REMAIN IN WASHINGTON FOR SEVERAL DAYS AFTER THE MEETING TO ATTEND TO OTHER BUSINESS.

C. REPORT ON DELTA EARLY MIRACLE RICE HARVEST

INITIAL REPORTS THIS YEAR INDICATED THAT HECTARAGE PLANTED TO MIRACLE RICE IN THE DELTA WAS ABOUT TEN PERCENT ABOVE LAST YEAR. A PRELIMINARY MINISTRY OF TRADE AND INDUSTRY REPORT ON THE STATUS OF THE PADDY HARVEST FROM THE EARLY CROP INDICATED CONFIDENTIAL

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THAT DESPITE THE INCREASE IN HECTARAGE PLANTED, ACTUAL PADDY PRODUCTION IS NOW EXPECTED TO BE ABOUT THE SAME AS LAST YEAR, 1.2 MILLION METRIC TONS. AN EARLY SEASON DROUGHT CUT YIELDS IN SOME AREAS, AND LATE SEASON HIGH WATER LEVELS DAMAGED SOME 70,000 HECTARES OF PADDY IN OTHER AREAS. THE REPORT INDICATED HIGH WATER LEVELS CONTINUE TO THREATEN SOME 15,000 ADDITIONAL HECTARES AND ARE HAMPERING HARVESTING AND THRESHING OPERATIONS IN SEVERAL CENTRAL DELTA PROVINCES. IT IS STILL TOO EARLY TO JUDGE PROSPECTS FOR THE MAIN HARVEST DUE FROM DECEMBER TO MARCH EXCEPT TO NOTE THAT HECTARAGE PLANTED IN LOCAL VARIETIES WAS ALSO REPORTED TO BE UP BY SOME TEN PERCENT OR MORE.

D. ADSA ENCOUNTERS FIRST RECRUITMENT DISORDER

THE SAIGON DEVELOPMENT PROGRAM FACED ITS FIRST RECRUITMENT PROBLEMS ON SEPTEMBER 26, WHEN AN ESTIMATED 2,000 PERSONS PRESENTED THEMSELVES AT THE HIRING CENTER TO COMPETE FOR 240 POSITIONS. PROCESSING OF APPLICANTS HAD TO BE STOPPED WHEN THE CROWD BECAME DISORDERLY. NO CROWD CONTROL MEASURES WERE TAKEN BY THE POLICE AND THE GATHERING DISPERSED WHEN TOLD RECRUITMENTS WOULD CONTINUE ON SUBSEQUENT DAYS. RECRUITMENT PROBLEMS GENERALLY HAVE BEEN MINIMAL. THE INCIDENT HOWEVER SERVES AS AN INDICATION OF THE HIGH LEVEL OF UNEMPLOYMENT IN THE GREATER SAIGON AREA AND THE HARDSHIP MANY FAMILIES NOW FACE. THE PROGRAM ITSELF CONTINUES TO BE WELL RECEIVED, AND GVN LEADERS ARE DISCUSSING ENLARGEMENT IN THE SAIGON AREA TO 40,000 WORKERS BY APRIL 1975. EMPLOYMENT REACHED 2,700 AT THE END OF THE PROGRAM'S SECOND WEEK OF OPERATION.

E. CONSUMER INDEX DOWN THIRD WEEK IN ROW

FOR THE THIRD WEEK IN A ROW PRICES MOVED marginally DOWNWARD, THIS TIME BY TWO TENTHS OF ONE PERCENT. PRICE DECLINES FOR FISH, POULTRY AND A FEW VEGETABLE ITEMS DROPPED THE FOOD SIDE OFF FOUR TENTHS ON ONE PERCENT DESPITE A ONE PERCENT INCREASE IN RICE PRICES AND A SIX PERCENT JUMP IN THE PRICE OF BANANAS. ALTHOUGH DIFFICULT TO QUANTIFY, CONSUMER PURCHASING EVEN FOR ESSENTIAL FOOD ITEMS-HAS BEEN TRENDING DOWNWARD FOR SOME TIME. THE OVERALL INDEX FOR THE YEAR TO DATE IS UP 36.7 PERCENT, BUT DOWN ONE TENTH OF ONE PERCENT FROM A MONTH AGO.

F. CURRENCY AND GOLD RATES

EFFECTIVE SEPTEMBER 26 THE PIASTER WAS DEVALUED FROM 655
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TO THE DOLLAR TO 670. BLACK MARKET CURRENCY QUOTES AS OF SEPTEMBER 30 HAD MOVED TO 670:1 FOR US\$100 AND 665:1 FOR US\$10. ALTHOUGH THE PIASTER COST OF A TROY OUNCE OF GOLD INCREASED MODESTLY IN THE PAST WEEK, THE US DOLLAR EQUIVALENT, REFLECTING THE PIASTER DEVALUATION, DECLINED FROM \$138.66 TO \$136.05. AT THE SAME TIME THE HONG KONG GOLD QUOTE INCREASED ABOUT A HALF DOLLAR AN OUNCE, RAISING THE DISCOUNT RATE IN SAIGON TO \$13.39 AN OUNCE OR 10.4 PERCENT OF THE HONG KONG QUOTE.
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